Advertising Age

50 YEARS 1930-1980

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Semimoist dog food in a can

Purina tries Maverick

By RICHARD KREISMAN

CHICAGO—Ralston Purina Co., in an unusual move, has introduced Maverick, a new semimoist dog food packaged in a large can, into controlled store tests in Erie and Peoria.

Positioned next to canned dog foods on retail shelves, Maverick is formulated to resemble cooked ground meat. Package copy claims Maverick is a "dog food with a difference . . . actually made with real, cooked ground meat." The company earlier air-tested a commercial for the brand (AA, June 30). The product includes meat byproducts and higher-than-average water content levels for a semimoist.

Industry observers speculate that the company has not yet decided whether to position the product as a semimoist or a canned dog food. This speculation derives from a relatively low level of ad support, and from its shelf position.

Media support from MCA Advertising, New York, features two different spots said to be supported at about 100 gross rating points a week. One depicts a bassett hound coming home and declaring he has a "good family and a good meal with cooked ground meat taste." The other shows two women in a kitchen. One asks the other why she is mixing up ground beef for her dog when she can feed it Maverick.

The move into the semimoist category has left the St. Louis company's competitors baffled. The segment, which reached its peak in the early 1970s, has steadily lost market share in the past five years.

• In 1979, semimoist dog food sales hit $325,000,000, representing an unadjusted 1.6% sales increase, according to John C. Maxwell Jr., a Lehman Bros. Kuhn Loeb analyst. In real terms, however, the category—led by General Foods' Gainesburgers and Top Choice—has declined. Much of the shift has

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Ford at MPA

Former President Gerald Ford, a featured speaker at the Magazine Publishers Assn. meeting in Palm Springs, Cal., shares some views on the upcoming election with Ed Thompson of *Reader's Digest* and David Bunn, an MPA consultant.

Package copy notes: "Convenience of bagged dog food along with many advantages of canned . . . no need to refrigerate."

MPA forecast: Partly sunny

By CHRISTY MARSHALL

PALM SPRINGS, CAL.—Under blue and balmy California skies, magazine publishers predicted mild to sunny weather ahead for the industry in the coming year.

Assembled here for the Magazine Publishers Assn./American Society of Magazine Editors annual meeting, publishers expressed cautious optimism for the fourth quarter and the coming year.

"In a year of economic downturn, the magazine industry has fared far better than most publishers thought it would," said MPA president Kent Rhodes. "The PIB [Publishers Information Bureau] figures for the first three quarters show advertising revenues of over $2 billion, up 11% over 1979—a record. Advertising pages are up 2%, and the magazines continue to come on stream at a good rate.

"As to the immediate economic outlook, it's anyone's guess, but on the whole it would seem magazines expect to sell as many units—copies and pages of advertising—in 1981 as in 1980," Mr. Rhodes added.

• With increased ad rates taking effect for many publishers, ad revenues are generally expected to be considerably greater than in 1980.

"Certainly, in 1981, the industry will take in more money—and spend more—than ever before," Mr. Rhodes continued. "The question, as always, is how much we'll be able to keep in the bottom line."

In terms of units sold—with the exception of one doubting Thomas—publishers expressed optimism ranging from cautious to unbridled. At *New York*, marketing director Steve Walden said the fourth quarter will be up 18%, and publisher Cathy Black estimated

More MPA news on Page 10.

the magazine would be up 5% in the first six months of 1981—an admittedly conservative prediction. She declined to make book on the year as a whole.

Jay Burzon, ad director at *Woman's Day*, said the magazine would be even to slightly up for the fourth quarter; but for 1981, Mr. Burzon foresees a "great recovery" starting in the third quarter and going "gangbusters" into the fourth.

From Hearst Corp., magazine division president Gil Maurer said that the fourth quarter for the Hearst Group (a stable of 10 magazines including *Good Housekeeping, Cosmopolitan, Town & Country, Harper's Bazaar* and *House Beautiful*) will be equal or ahead of last year, and ad pages will be up in 1981. Noting that Sears has come back into magazine advertising—"in a more modest fashion"—Mr. Maurer added it was good to see that name on order forms again.

• *Ms.* magazine will be up 7% in the fourth quarter and, according to publisher Pat Carbine, "it would be nice if we could maintain that 7% to 10% increase in 1981."

"One magazine publisher who is

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In-flight movie ads

Airlines trying new tactic to defray costs

By JENNIFER PENDLETON

LOS ANGELES—Eastern Airlines is set to begin the first use of paid advertising during in-flight movies, as the nation's airlines start taking a close look at airborne ads as a way to cut back on escalating costs.

Starting in January, tv commercials for Hertz Corp. will run before the in-flight movie on some Eastern flights. The Miami-based airline also has tentative agreements with American Express Co., Airbus Industrie and Lanier Office Products for similar in-flight ads starting in 1981. Ad rate is $11.75 per minute per movie flight.

Other carriers—like American Airlines and several international airlines—are already using a more subtle approach. American has started using an eight to 10-minute informational film entitled "World on Parade," which contains soft-sell commercial messages from the Chrysler Corp. and New York-based Citibank. Japan Air Lines, SAS, Philippine Airlines and British Airways also are reported using similar soft-sell films.

The pros and cons of ads on airlines will be the key question under consideration at the first meeting of the Airline Entertainment Assn. in Phoenix starting Oct. 27. Participating in the in-flight entertainment industry group meeting are Eisaman, Johns & Laws' president Joe Eisaman and reps from most major airlines. Coca-Cola Co. is among the national advertisers attending the conference.

In an industry hard hit by rising jet fuel costs and air fare price slashing, in-flight entertainment has been a "very unprofitable" part of airline operations, one source said. Industry sources say that the cost of an in-flight film varies from $50,000 to $75,000 per plane—a cost not covered by the usual $2.50 charge for head sets.

But some airlines are hesitant to start using paid ads for fear of passenger resentment, and there also is uncertainty on the extent to which paid ads would actually cut costs.

A spokesman for United Airlines said the subject has been discussed, but "no conclusions have been reached yet on whether it would be right for us."

Both Eastern and American

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Kopp: Burnett sticks to plan—Page 3

last minute news

WRG loses Citicorp, Schoenfeld accounts

NEW YORK—Citicorp and Wells, Rich, Greene have "mutually agreed" to part. The $10,000,000 account, which includes the New York Banking division, Citibank (N.Y. state), Citibank Trust (London) and Citicorp Homeowners, a mortgage subsidiary, probably will go to Doyle Dane Bernbach, which picked up the Citicorp travelers checks account early this year, or SSC&B, which handles other Citicorp business. *(See related story on Page 128.)* Separately, Schoenfeld Industries, Seattle, split from WRG, Los Angeles, on its $8,000,000-plus Brittania and El Paso jeans account, and is in contract talks with an unidentified Seattle agency.

Northwest Airlines conducting review

MINNEAPOLIS—Northwest Airlines will hear late November or early December pitches from C&W, Grey, K&E, all New York, and incumbent Campbell-Mithun here, for its $10,000,000 domestic business, at C-M for 25 years.

Wendy's $13 million account goes to DFS

DUBLIN, O.—Wendy's International has chosen DFS, New York, for its national advertising account estimated at $13,000,000. The chain also has held initial discussions with Bozell & Jacobs, Clinton E. Frank Inc., Chicago, and Stockton-West-Burkhart, Cincinnati, about setting up a regional agency network.

Maxwell House freeze-dried rolling out

WHITE PLAINS—General Foods is rolling out Maxwell House freeze-dried coffee. It will join stablemate Maxim freeze-dried in competing

(Continued on Page 8)

Southwest founder reassembles team

Muse is flying again

By TOM BAYER

DALLAS—The team that 10 years ago helped create Southwest Airlines and its highly competitive marketing strategy is forming a new Texas-based national short-haul commuter airline, Muse Air Corp., and has assigned the company's $1,500,000-plus ad budget to Keller Crescent Co., becoming that agency's first Southwest client.

M. Lamar Muse, chairman of Muse Air Corp. and former president of Southwest Airlines, filed his certificate authority application with the Civil Aeronautics Board Monday for low-fare, high-frequency service to 24 cities as far south as Brownsville and as far north as Pittsburgh.

Mr. Muse is chief executive officer of the new company while his son, Michael L. Muse, is president, treasurer and chief operating officer. The company is temporarily headquartered in Dallas, but will be basing itself in Houston.

Mr. Muse and his son are already working on their marketing strategy with Ray Trapp, president of Keller Crescent/Southwest, and formerly account supervisor at The Bloom Agency, where he headed the account team that handled Southwest Airlines for the airline's first eight years. (Bloom still handles that account.)

Muse Air Corp. also has selected another veteran of the early Southwest Airlines days, Mantz & Associates, which will develop a coordinated graphics program.

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NBC phases rollout

By COLBY COATES

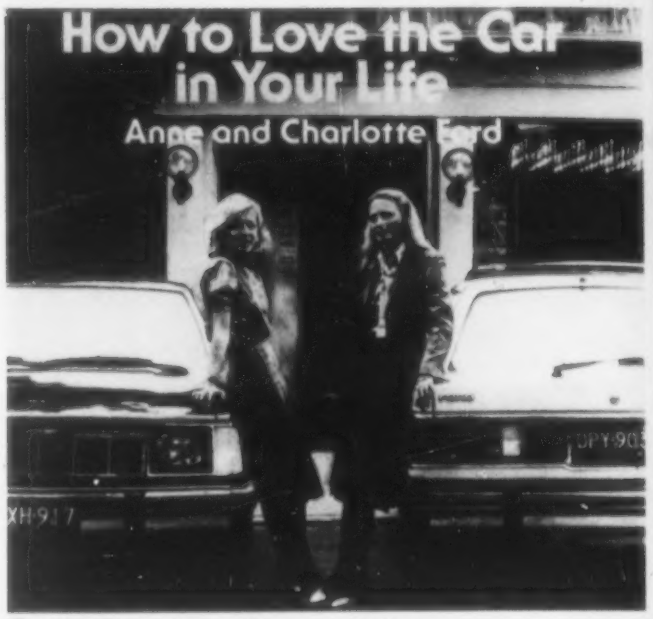
NEW YORK—NBC's multiphased rollout of its new prime time tv schedule, concern about flagrant abuses of the opening prime time or family hour and informal betting on the outcome of the November ratings sweeps were the hot topics in the agency-tv fraternity last week.

In a nutshell, NBC will bring out its half-hour programs in November, air a bevy of new variety and long-form programs from late November through December and then round out the schedule with the addition of seven freshmen and returning programs in January. "Harper Valley," "Sanford" and "Boomer," shows that held down slots in NBC's first prestrike schedule announced months ago, will remain in production and be added to the lineup later when openings become available.

The new programs coming on, above and beyond new entries such as "Hill Street Blues" and "Flamingo Road," include "Gangster Chronicles," "Walking Tall," "Fitz and Bones" (starring the Smothers brothers) and "Number 96," the Australian import spin-off.

■ Though some agency execs wondered if NBC would encounter problems in getting some of the January programs sampled, others preferred to think that the extended rollout gives NBC added maneuverability. They also pointed out that most of these late

(Continued on Page 128)



Two Fords offer advice

A book by Ann (left) and Charlotte Ford, daughters of Henry Ford II, former chairman of Ford Motor Co., will be sold through Ford and Lincoln-Mercury dealers as part of the company's sales effort to women. The 60-page, softcover book (cover shown here) offers advice to women drivers, traveling tips and motoring etiquette. In cover photo, Ford says its first booklet aimed at women was published in 1912. "The Woman and the Ford" then said women were using cars to "escape from the artificial conditions and worries of the drawing room or kitchen." The new Ford book ($4.95) was published by Mobius Press, Chicago, under Ford sponsorship.

Morale booster

Sale of trouble-plagued 'Denver Post' comes just in time for some employes

DENVER—Applause from the staff of the *Denver Post* as they were told of the paper's agreement to acquisition by the Times Mirror Co. told the story—that the deal was made just in time to keep morale around the *Post* from slipping to a dangerous low.

"It's no secret the *Post* had been having an increasing number of problems, particularly morale, in the past two or three months. They lost some good people," said a Denver native who has been watching the battle between the afternoon *Post* and Scripps-Howard's a.m. *Rocky Mountain News* shift more and more in the latter's favor.

Earlier this year, the *Rocky Mountain News* passed the *Post* for the first time in weekday circulation, with about 271,000 compared with the *Post's* 260,000. Sources said the *News* also may have pulled a bit ahead of the *Post* in ad linage in the last few months whereas the *Post* had been far and away the leader before the Scripps-Howard paper started its move about five years ago.

One problem that staffers said added to waning enthusiasm around the *Post* was the fact the whole town knew the *Post* was for sale. President/publisher Donald R. Seawell had been openly seeking bids for the paper at a price of around $100,000,000. Denver oilman Marvin Davis reportedly offered an $80,000,000 lump sum plus a hefty outlay for new presses and the start of a morning edition in a deal, but he later backed out.

Los Angeles-based Times Mirror reached agreement to buy the *Post* for about $95,000,000—$25,000,000 cash and $70,000,000 over the next 20 years. Phillip Williams, TM vp-newspapers and tv, said it was too early to say whether the *Post* will be pitted head to head with the morning competitor. But it was noted that the *Post* already has moved in that direction, switching to a.m. publication on Saturdays two years ago. The *Post* leads the *Rocky Mountain News* by a substantial margin Sundays—351,149 circulation to 293,004.

Mr. Williams said the fact that Denver appears headed into a major growth period because of surrounding energy resources "wasn't the overriding reason" TM decided to make the acquisition. "Denver has lots of things going for it already. We see it as similar to our other markets like Dallas."

When final, the purchase will put a fifth daily into the Times Mirror's newspaper stable. It owns the *Los Angeles Times*, *Newsday*, the *Dallas Times-Herald* and the *Hartford Courant*. All are on a continual upgrading program and nobody expects TM to remain idle with the *Post*.

There was concern expressed about possible upcoming union contract problems, but the *Post's* competitive situation was seen by some sources as not so gloomy as has been painted elsewhere.

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highlights

Monday, October 27, 1980

Tv network critics Westinghouse Broadcasting and the Motion Picture Assn. of America see their complaints to the Federal Communications Commission swamped by a staff report's call for less regulation of network affairs. *See Page 6.*

Continental Baking aims to avoid further confrontations with governmental agencies in dropping ads for Wonder bread. *See Page 12.*

J. R. Ewing's Private Stock boomed last week as Pearl Brewing Co. got orders for 500,000 cases of the new beer in its first two days. *See Page 14.*

Texas Instruments has taken abuse long enough because of a lack of marketing savvy—that's why it decided to take a new stand via McCann-Erickson Worldwide. *See Page 24.*

Ford's first repair information advertising, ordered by the Federal Trade Commission, will run early next year. *See Page 28.*

Rubinstein management confirms several moves that are expected to help get the company back on its feet. *See Page 36.*

TV syndicators—holding sales of hot new off-network series until next spring—think "new generation" dramas will sizzle. *See Page 54.*

Advertising for domestic cars has to take a turn for the better after 1980's "valley of despair." *See Page 56.*

United Airlines will start service from Chicago to Phoenix and Tucson in mid-December. Competitors American and Trans World Airlines expect a showdown over the profitable routes. *See Page 58.*

Earle C. Williams looks at area development advertising and how one advertiser, the Fairfax County, Va., Economic Development Authority, set up a program to measure its success at area development advertising. *See Page 69.*

Some promotions have impact, some don't. Ed Meyer looks at ways to put teeth into lackluster promos. *See Page 74.*

Dow Jones believes its beleaguered *Book Digest* will be in the black by 1983. *See Page 76.*

An "emergency assignment" played a key part in N W Ayer's winning the creative portion of Deere & Co.'s worldwide account. *See Page 78.*

The newly launched Mini Metro may be the last hope for Britain's troubled, state-owned auto maker, BL Ltd. *See Page 80.*

Multinational advertisers can save a pile of promotion dollars if their campaigns roll out concurrently in the U.S. and Canada, one adman says. *See Page 82.*

National Football League Players Assn. can serve as a central source for companies that want players for advertising, appearances and licensed merchandise. *See Page 94.*

Gillette Co. will reintroduce its Daisy disposable razor for women, with a new price, design and packaging. *See Page 119.*

The *Wall Street Journal* is considering sending its new magazine, currently in the planning stages, to its 1,525,000 subscribers. *See Page 126.*

Playboy Enterprises didn't expect any damage in the wake of a citizen-sponsored media protest against *Playboy* and its "sex exploitation" philosophy. *See Page 130.*

Section 2

Top media execs forecast the year ahead for media; AA looks inside a major agency's media department; who owns the media? These stories and more are explored in this week's Section 2/Media Outlook, beginning opposite Page 68.

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'Times' in U.K. may shut down

By EUGENE BACOT

LONDON—The British advertising community began preparing for the possible demise of *The Times* and *The Sunday Times* of London following the announcement last week by Thomson British Holdings Ltd., the owners, that the long fight to keep the two newspapers afloat was over. Lord Thomson, citing years of labor problems, put the papers up for sale by March to the highest bidder. If no buyers are found, the papers will close.

Advertisers are taking the announcement of *The Times'* closures calmly. "We have already had a dummy run of this when both papers shut down in 1978," said Chris Horsley, Ted Bates' London media director. Some admen are even finding a source of ironic delight in *The Times'* long running poster campaign, which depicts great historical disasters from the assassination of Julius Caesar to the Charge of the Light Brigade. The copy line which runs

(Continued on Page 128)

Top 20 cigaret brands hiked ads 15.8% in '79

By SAM HARPER

NEW YORK—The nation's six leading cigaret marketers last year invested $554,335,600 to advertise the 20 best-selling brands on the U.S. market. The combined 1979 expenditure total was 15.8% above the companies' $478,332,300 outlay in 1978.

The top 20 brands accounted for 91.3% (558.84 billion units) of the 612.04 billion cigarets sold in the U.S. last year, according to sales data compiled by John C. Maxwell Jr. of Lehman Bros. Kuhn Loeb Research.

The growth of the low-tar market and the proliferation of low-tar brands continued to dominate the marketing focus of leading cigaret manufacturers. Most of the industry's top marketers either introduced new low-tar products or positioned existing brands against competitive low-tar smokes in 1979.

The low-tar segment which now accounts for more than half of the brands in the U.S. market, includes all cigarets under 15mgs tar. The ultralow-tar segment which industry analysts estimate will peak at about 6% of the total market, includes all cigarets with 5mgs tar and under.

Philip Morris' Merit and RJR's Vantage brands continued to dominate the low-tar market. Merit scored a coup in 1979 by edging Vantage out of its position as the nation's leading low-tar brand. PM's determination to make Merit the nation's best-selling low-tar smoke is illustrated by the Merit ad budget, which was 1979's second largest. The October, 1979, national rollout of Vantage Ultra Lights made the RJR brand the fifth most heavily advertised brand.

American Brands' ultralow-tar Carlton cigarets continued to soar in 1979, jumping almost 50% in to-

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Costs of cigaret advertising: 1979-1973

Per carton and per million cigarets sold

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The top 20 cigaret brands based on 1979 sales, related to the amount invested for each brand in general magazines, newspapers (including Sunday sections), network tv, spot tv, network radio, spot radio and outdoor. The figures are not offered as complete records of expenditures; tobacco companies spend large sums for point of purchase materials and in other nonmeasured media. Sales figures for this study were taken from the 1979 Maxwell Report. Advertising expenditures were compiled from figures supplied by Broadcast Advertisers Reports; Institute of Outdoor Advertising; Leading National Advertisers; Radio Advertising Bureau; Radio Expenditure Reports, and Television Bureau of Advertising. Newspaper expenditures for the years 1975-79 were supplied by sources in the tobacco industry; newspaper totals for the years previous to 1975 were compiled from figures supplied by the Newspaper Advertising Bureau (compiled by Media Records).

	1979	1978	1977	1976	1975	1974	1973
Marlboro (Philip Morris)[1,2,3,4]							
Sales (billions)	103.85	101.25	96.9	94.2	91.3	86.1	78.8
Ad Investment	$47,870,000	$43,681,500	$41,690,000	$31,558,100	$22,093,000	$25,622,046	$20,968,982
Ad cost per million	$461.00	$431.42	$430.23	$335.01	$241.98	$297.44	$266.03
Ad cost per carton	9.2¢	8.6¢	8.6¢	6.7¢	4.8¢	5.9¢	5.3¢
Winston (Reynolds)[1,2,3,4]							
Sales (billions)	81.9	84.7	88.1	90.1	91.5	90.1	87.9
Ad Investment	$58,229,000	$41,912,000	$44,290,900	$30,646,800	$31,733,000	$32,874,523	$22,131,689
Ad cost per million	$711.00	$494.82	$502.62	$340.14	$346.80	$364.54	$251.78
Ad cost per carton	14.2¢	9.8¢	10¢	6.8¢	6.9¢	7.3¢	5¢
Kool (Brown & Williamson)[1,2,3]							
Sales (billions)	56.5	59.0	59.3	60.7	61.8	60.8	56.1
Ad Investment	$29,030,000	$37,313,900	$28,857,200	$23,064,400	$20,064,100	$17,093,560	$15,915,007
Ad cost per million	$513.80	$632.43	$486.38	$379.94	$324.18	$281.05	$283.64
Ad cost per carton	10.3¢	12.6¢	9.7¢	7.5¢	6.4¢	5.6¢	5.7¢
Salem (Reynolds)[2,4]							
Sales (billions)	54.02	54.4	53.7	52.6	50.5	50.8	49.0
Ad Investment	$48,195,000	$43,948,900	$33,919,500	$24,749,700	$23,778,500	$21,704,195	$20,114,633
Ad cost per million	$892.59	$807.88	$631.64	$470.52	$470.86	$426.82	$410.50
Ad cost per carton	17.8¢	16.1¢	12.6¢	9.4¢	9.4¢	8.5¢	8.2¢
Pall Mall (American Tobacco)[1,4,5]							
Sales (billions)	34.35	37.3	40.2	43.2	49.9	51.6	52.5
Ad Investment	$8,297,200	$9,542,200	$10,668,600	$12,411,500	$10,379,700	$9'551,971	$6,224,501
Ad cost per million	$241.28	$255.82	$264.79	$265.20	$208.01	$185.04	$118.61
Ad cost per carton	4.8¢	5.1¢	5.2¢	5.3¢	4.1¢	3.7¢	2.4¢
Benson & Hedges (Philip Morris)[1,3,4]							
Sales (billions)	27.9	27.6	26.1	26.2	26.2	25.2	20.8
Ad Investment	$26,775,000	$29,993,800	$27,990,600	$14,110,700	$14,804,600	$18,336,538	$16,127,011
Ad cost per million	$959.67	$1,086.73	$1,069.97	$538.57	$565.06	$727.64	$776.08
Ad cost per carton	19.2¢	21.7¢	21.3¢	10.7¢	11.3¢	14.5¢	15.5¢
Camel (Reynolds)[1,3]							
Sales (billions)	26.2	26.4	24.3	26.0	27.4	28.9	29.9
Ad Investment	$40,680,000	$36,008,600	$6,601,000	$6,643,000	$9,946,500	$11,208,661	$6,667,037
Ad cost per million	$1,553.43	$1,363.96	$270.64	$255.50	$363.01	$386.77	$222.97
Ad cost per carton	31¢	27.2¢	5.4¢	5.1¢	7.2¢	7.7¢	4.5¢
Merit (Philip Morris)[1,2,3,4]							
Sales (billions)	22.7	16.9	14.2	8.5	———	———	———
Ad Investment	$48,570,000	$44,149,000	$42,698,600	$44,597,000	———	———	———
Ad cost per million	$2,139.64	$2,612.36	$2,990.09	$5,246.70	———	———	———
Ad cost per carton	42.8¢	52.2¢	59.8¢	$1.05	———	———	———
Vantage (Reynolds)[1,2,3,4]							
Sales (billions)	20.75	18.5	17.3	14.3	12.2	9.6	7.3
Ad Investment	$46,173,000	$30,786,300	$34,887,300	$20,069,700	$15,480,100	$10,121,232	$8,128,622
Ad cost per million	$2,225.06	$1,664.12	$2,010.79	$1,403.47	$1,268.86	$1,055.39	$1,113.50
Ad cost per carton	44.5¢	33.2¢	40.2¢	28¢	25.3¢	21.1¢	22.3¢
Kent (P. Lorillard)[1,2,4]							
Sales (billions)	19.15	15.9	30.1	27.8	26.9	29.0	29.9
Ad Investment	$39,260,000	$12,726,400	$29,114,800	$22,724,000	$16,678,900	$15,056,823	$15,629,561
Ad cost per million	$2,050.13	$795.40	$967.26	$817.41	$620.03	$517.59	$522.38
Ad cost per carton	41¢	15.9¢	19.3¢	16.3¢	12.4¢	10.3¢	10.4¢
Carlton (American Brands)[1,2,3,4]							
Sales (billions)	15.06	10.1	7.9	7.3	5.0	2.9	2.4
Ad Investment	$33,450,000	$23,847,100	$22,477,100	$21,433,700	$10,161,600	$3,647,000	$2,088,000
Ad cost per million	$2,221.15	$2,361.15	$2,834.43	$2,936.12	$2,032.20	$1,257.58	$1,096.94
Ad cost per carton	44.4¢	47.2¢	56.6¢	58.7¢	40.6¢	25.1¢	21.9¢
'Golden Lights (P. Lorillard)[1,2,3,4]							
Sales (billions)	13.2	14.7	———	———	———	———	———
Ad Investment	$27,636,200	$26,101,200	———	———	———	———	———
Ad cost per million	$2,093.63	$1,775.59	———	———	———	———	———
Ad cost per carton	42¢	35.5¢	———	———	———	———	———
Tareyton (American Tobacco)[1,2,3,4]							
Sales (billions)	12.5	13.4	14.9	16.5	18.2	18.9	19.3
Ad Investment	$11,508,000	$14,477,900	$14,749,700	$7,263,500	$8,902,900	$10,914,698	$5,155,306
Ad cost per million	$920.64	$1,080.44	$985.28	$440.21	$489.17	$575.97	$266.70
Ad cost per carton	18.4¢	21.6¢	19.7¢	8.8¢	9.7¢	11.5¢	5.3¢

(Continued on Page 50)

BEST AVAILABLE COPY

Costs of cigaret advertising: 1979-1973

Per carton and per million cigarets sold

(Continued from Page 49)

	1979	1978	1977	1976	1975	1974	1973
Viceroy (Brown & Williamson)[1,3]							
Sales (billions)	11.75	11.9	12.8	14.2	15.9	17.5	18.5
Ad investment	$17,885,000	$10,313,400	$9,117,700	$5,622,000	$10,012,400	$13,119,464	$9,166,193
Ad cost per million	$1,515.67	$866.67	$708.99	$395.91	$629.71	$750.11	$495.74
Ad cost per carton	30.3¢	17.3¢	14.1¢	7.9¢	12.5¢	15¢	9.9¢
True (P. Lorillard)[1,4,3,4]							
Sales (billions)	11.65	11.5	10.8	8.9	9.3	8.9	8.8
Ad investment	$30,367,000	$16,086,000	$10,675,300	$12,140,800	$7,322,800	$8,249,496	$6,965,228
Ad cost per million	$2,606.60	$1,392.72	$980.28	$1,364.13	$787.39	$922.76	$787.11
Ad cost per carton	52.1¢	27.8¢	19.6¢	27.2¢	15.7¢	18.4¢	15.7¢
Raleigh (Brown & Williamson)[1,2,3,4]							
Sales (billions)	11.35	12.4	12.4	12.9	14.1	15.4	16.4
Ad investment	$5,300,000	$11,901,000	$9,332,100	$6,065,300	$5,601,500	$10,166,600	$7,695,799
Ad cost per million	$464.91	$959.75	$748.96	$470.17	$397.26	$660.16	$470.40
Ad cost per carton	9.2¢	19.2¢	14.9¢	9.4¢	7.9¢	13.2¢	9.4¢
Virginia Slims (Philip Morris)[3,4]							
Sales (billions)	10.75	9.7	9.5	9.0	8.7	8.1	7.2
Ad investment	$13,100,600	$10,189,200	$8,508,500	$7,264,300	$6,482,300	$7,633,103	$6,865,204
Ad cost per million	$1,212.96	$1,050.43	$893.38	$807.14	$745.09	$936.58	$950.85
Ad cost per carton	24.2¢	21.0¢	17.8¢	16.1¢	14.9¢	18.7¢	19¢
•Newport (P. Lorillard)[3,4]							
Sales (billions)	9.85	8.6	7.3	6.2	5.8	5.2	4.6
Ad investment	$10,064,000	$10,224,300	$6,530,800	$5,452,200	$5,980,600	$5,119,900	$3,625,500
Ad cost per million	$1,016.56	$1,188.87	$894.63	$879.38	$1,031.13	$984.59	$788.15
Ad cost per carton	20.3¢	23.7¢	17.8¢	17.5¢	20.6¢	19.6¢	15.7¢
Parliament	7.71	8.3	8.4	8.9	9.69	9.9	9.7
Sales (billions)	$4,058,000	$5,495,200	$10,555,700	$4,189,000	$4,484,400	$6,496,177	$5,455,876
Ad investment	$526.58	$626.50	$1,250.67	$470.67	$467.64	$654.20	$563.28
Ad cost per million	10.5¢	12.5¢	25¢	9.4¢	9.3¢	13¢	11.2¢
Ad cost per carton							
L&M (Liggett & Myers)[1,3,4]	7.70	8.7	9.2	9.7	11.1	12.2	13.2
Sales (billions)	$7,887,600	$13,382,600	$9,750,700	$7,544,800	$8,620,200	$7,698,953	$4,537,870
Ad investment	$1,025.97	$1,529.44	$1,059.85	$777.81	$776.59	$631.06	$345.09
Ad cost per million	20.5¢	30.6¢	21.1¢	15.4¢	15.5¢	12.6¢	6.9¢
Ad cost per carton							

[1]Plain standard filter; [2]menthol filter; [3]plain 100mm filter; [4]menthol 100mm filter; [5]nonfilter; #revised; •does not include newspaper advertising investments; [6]marketed as Kent Golden Lights until 1978.

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Cigarets

(Continued from Page 49)

tal unit sales. The 18-year-old brand jumped from 19th in 1977 to 11th in 1979 among the top 20 brands. Philip Morris' Cambridge cigaret, the recent introduction of Brown & Williamson Tobacco Co.'s Barclay brand and increased advertising expenditures by RJR for its Now brand currently are cutting into Carlton's growth rate in that segment.

Last year saw the beginning of what this year became a major marketing battle between Cambridge, Carlton and Now.

Now's market share jumped to 0.8% this year from below 0.5% last year. Cambridge has yet to make a significant impact on the market, posting a 0.3% to 0.4% market share, according to sources. Meanwhile, industry analysts are waiting to see how new Barclay fares in the competitive segment.

Though it has three entries in the ultralow-tar segment, Loews Corp.'s Lorillard division has remained out of the heated "lowest" battle. Its Kent III (3mgs tar), Triumph (3mgs) and True (5mgs) brands all have been positioned as products with taste and low tar.

At an advertising cost per carton of 52.1 cents, True was the least efficient brand among the top 20. Its $30,367,000 1979 ad budget was up 47% from a 1978 budget of $16,086,000.

In the menthol market, RJR and Lorillard last year tested Brookwood and Aspen, respectively. Both low-tar units failed and were discontinued. B&W also discontinued Arctic Lights this year.

Lorillard in 1980 has been quiet on the new product front. However, sources indicate that the company is working on an ultra-low-tar product code-named EF II, which may mean extra flavor at 2mgs tar.

Despite having the largest advertising budget among the top 20 brands last year, RJR's Winston continued to decline in unit sales in 1979. Unit sales dropped from 84.7 billion units in 1978 to 81.9 billion units last year. Its 1979 ad budget of $58,229,000 was up from $41,912,000 in 1978.

PM's Marlboro brand, Winston's closest U.S. rival and the best-selling cigaret in the world, continued to grow. In 1979, Marlboro posted a 2.5% increase in unit sales, jumping from 101.25 billion units in '78 to 103.85 billion units. Marlboro's advertising budget rose 9.5% to $47,870,000 in 1979.

Reynolds' market share in 1979 continued to dwindle, but it remained the world's largest cigaret manufacturer with a 32.6% market share in 1979.

PM's Parliament returned to the top 20 after a year off the list. Parliament's ascent is due to the poor showing of L&M, B&W's Belair and American Brands' Lucky Strike, all of which slipped more significantly than Parliament.

American Brands' Pall Mall was the most efficient brand for the third consecutive year at 4.8 cents advertising cost per carton.

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BIG, SPRAWLING AND POWERFUL

Concentration of media ownership: To some it's a plus, to others it's a danger.

BY B. G. YOVOVICH

CHICAGO—There may be disagreement on how the concentration of ownership will affect the public and the advertising communities, but there is no argument that the concentration has risen sharply in the last decade, with the top 15 or so major media corporations garnering a rapidly growing portion.

Consider the following:

• The Gannett Co. owned 27 newspapers when it became a publicly held corporation in 1967. Today it owns more than 83 dailies as well as seven television stations and 12 radio stations (with an agreement to buy a 13th). In 1979 alone, the company jumped 63 places on the Fortune 500 revenues listing.

• The Times Mirror Corp. owned four dailies in 1970, added three more to its holdings (including *Newsday* and the *Hartford Courant*) and purchased *Golf*, *Ski* and *Sporting News* magazines. It is in the process of acquiring five television stations to give it a total of seven—the maximum allowed by the Federal Communications Commission.

• Knight Newspapers acquired the Ridder chain of papers (to become Knight-Ridder) and now owns 34 dailies with a total daily circulation of 3,700,000 and Sunday of 4,500,000. It added four television stations to its holdings when it purchased Poole Broadcasting in 1978.

• Capital Cities Communication, owner of virtually no newspapers in 1970, now owns six with a total daily circulation of 1,000,000 and 1,400,000 on Sundays. It also claims ownership of *Women's Wear Daily*, the Fairchild Publications group and its specialized newspapers and magazines, as well as broadcast holdings that include six television stations, seven am stations and six fm stations.

• While legal inhibitions kept ABC and CBS from purchasing newspapers, the two networks were busy with acquisitions during the 1970s. CBS, for example, put together a group of 10 consumer publications, including the recent purchase of *Family Weekly*, a Sunday supplement appearing in more than 350 suburban papers with a total circulation of more than 12,000,000. Meanwhile, ABC acquired *Los Angeles* magazine in 1977, the magazines of Hitchcock Publishing in 1978 and Chilton Co.'s publications in 1979 to broaden its print holdings.

If preliminary indications are correct, look for the major media conglomerates to expand into the emerging outlets of cable, data transmission and videodiscs. Times-Mirror, Capital Cities, Newhouse, the New York Times Co. and Time Inc. all have put together significant cable system holdings in the last year or two. Hearst, the Washington Post Co., Gannett and Knight-Ridder have either formed cable divisions or are very actively considering acquisitions of cable networks.

Even the three television networks, while prohibited from owning cable hardware, are preparing to establish separate divisions to supply "software" programing for cable and videodiscs.

According to some observers, the emergence of the media conglomerates is desirable—perhaps even necessary—for the development of new media, such as cable, that have voracious appetites for capital.

"The large corporations have the resources to support the cable operations so the new media can develop and not operate on a shoestring," says Michael Drexler, senior vp and executive director of media and programing at Doyle Dane Bernbach. "There is always a danger when conglomerates control a large part of the media, but we're really talking about a pretty competitive environment."

"The capital intensive nature of cable may cause a relatively high concentration of ownership," concedes Harvard researcher Benjamin Compaine, author of the comprehensive monograph, "Who Owns the Media?"

"But I'm not too concerned about it. The concentration will not be that great, and even in the small cities advertisers and the public will actually have more media options than are now available," he said.

Another school of thought, however, claims the concentration is already hurting the public and the advertising community and will become an even more serious problem in the future.

"The increased concentration in ownership means there is greater resistance to the invisible hand of competition," says University of California professor Ben Bagdikian. "Television, newspapers and cable, for example, should be competing industries. They should be working against one another, fighting for the same advertising dollar and applying different types of pressures to the government. But, with the big newspapers owning broadcasting and cable properties, that kind of combat does not occur."

Other industry observers expressed fear that the concentration of ownership will stifle diversity of editorial opinion as the newly formed conglomerates mature and exert tighter controls over its properties.

Not surprisingly, a number of governmental units—including the FCC, the Federal Trade Commission and several congressional committees—are looking into concentration of ownership issues.

"The [federal] concern is beginning to heat up because cable is getting warmer," explains Chris Sperling of the FCC. "There are five or six warm spots, but the concern hasn't been sharply focused yet."

The growth of the media corporations during the 1970s is due to several economic forces. The large newspaper and newspaper chain activities, for example, were triggered when papers began to reap the benefits of cost-cutting computerized typesetting and other technological advances introduced during the 1960s and early 1970s.

As the papers became more profitable and enjoyed improved cash flows, new ways were sought to turn this bounty into further corporate growth. The acquisitions began when it became apparent that purchasing other newspapers was a safer and more promising strategy than one calling for an increase in the circulation of papers they already held.

Also, the larger papers and chains were in a better position financially to introduce the more efficient technology into new acquisitions. As a result, the corporations made the papers more profitable than they had been under owners with limited resources.

At the same time that smaller papers became more attractive acquisition prospects, the tax structure encouraged the sale of many of the smaller, family owned newspapers and local chains.

As a result, the surge of acquisitions in the 1970s pushed the daily circulation of the top 20 publishing groups to more than 30,000,000, representing more than half the total weekday circulation and an even greater percentage of Sunday circulation of all daily newspapers in the U.S.

• Figures compiled by *Editor & Publisher* also show that the 167 group newspaper owners in 1978 accounted for 1,095 of the 1,764 dailies in the U.S. and 72.2% of the total daily circulation.

By comparison, 157 groups owned 879 dailies with 63% of the daily circulation in 1970, and 20 groups owned about 150 of the 2,000 dailies published in 1920, accounting for about 40% of the total daily circulation.

During the '70s, the most attractive candidates for acquisition were papers in the middle size markets with no newspaper competition and in fast-growing communities. As these publications were bought up, the chains went after papers in smaller towns—some even pursued shoppers.

As the supply of prime newspaper properties diminished, most of

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Top 12 media conglomerates (by revenues)

Company	Dailies	Magazines	Tv	Am	Fm	Cable subscribers	Other	Ad-related revenues in millions
ABC Inc.	—	125	5	6	7	—	207 tv affiliates, 1,729 radio affiliates	$1,984
CBS Inc.	—	10	5	7	7	—	Formed cable division, 200 tv affiliates, 387 radio affiliates	$1,981
RCA Corp.	—	—	5	4	4	—	213 tv affiliates, 292 radio affiliates	$1,377
Newhouse Newspapers	29	17	—	2	3	320,000	—	$1,200†
Gannett Co.	81	12	7	6	7	—	22 nondaily papers	$1,049
Hearst Corp.	13	20	4*	4	3	—	Formed cable division for programing and networks	$1,000†
Times Mirror Co.	7	8	7	—	—	550,000	16 foreign publications, 7 licensed foreign publications	$980
Times Inc.	1	7	1	—	—	1,200,000	HBO-5,000,000 subscribers, 30 nondailies	$979
Tribune Co.	8	3	3	4	2	37,000	Shopper and nondaily circulation over 750,000	$964
Knight-Ridder Newspapers	34	—	5*	—	—	—	12 nondailies	$943
New York Times Co.	10	5	3	1	1	55,000	6 weeklies	$601
Washington Post	3	2	4	—	—	—	—	$593

* One station still subject to FCC approval
† Privately held corporation—AD AGE estimate

St. Louis advertiser

(Continued from Page S-25)

come. One reason is the belief that the competition between banks and savings & loan institutions will heat up next year as new regulations allow s&ls to offer check-type services and regulated interest rate differentials between banks and s&ls continue to be phased out.

"Looking down the road, competition will be stiffer because the two types of financial institutions will be competing with each other more directly," Mr. Webber said.

Banking has always been a heavily regulated industry, and for years the rules didn't change much. Now they're changing fast enough to give many bankers a case of future shock. "And with less stability in the prime rate, the whole industry is churning, all of which will make it even more important to be advertising," said Mr Webber.

• Although nearly 90% of First National's business is commercial, an almost equal number of marketing dollars are spent on retail and nonretail. The feeling in commercial banking circles has been that general advertising doesn't matter much, that it's really the calling officer who makes the greatest impression, said Ms. Pritchard, the bank's ad rep.

That, however, may be changing, she added, because commercial bankers are beginning to appreciate what a good ad program can do.

The bank is now advertising buckles depicting scenes of Missouri heritage.

• For example, First National's Energy Group, which specializes in financing for oil and energy companies, was promoted in several trade magazines in recent months with an ad headlined, "We talk crude."

"It was a good line and it generated so much comment that the commercial people funded an extended media schedule," said Ms. Pritchard. "I would expect to see additional money going to advertising the commercial side in the future."

Another element of the bank's marketing strategy consists of premiums, which were introduced—reluctantly—a few years ago. They'll probably continue to be used in the future, said Ms. Pritchard, unless they are prohibited, a move under consideration by a regulatory agency.

"It's an extra people look for," she said. "We almost have to offer premiums because customers can get them elsewhere."

First National has given away calculators, $5 bills, cameras, even big-ticket items such as grandfather clocks.

Not all the premiums have been overwhelmingly successful, but the current one seems to be extremely popular. The bank is now advertising handcrafted commemorative brass belt buckles with five designs depicting scenes of Missouri heritage.

Tv is being used for this promotion, said Ms. Pritchard, only because the belt buckles couldn't be as effectively showcased any other way.

The main office of First National Bank is not near residential areas, so one of its marketing challenges is to get the people who work downtown to come into the bank, said Mr. Webber, and premiums are one way to get them in the door.

Often people who bank elsewhere come in and buy a certificate of deposit just to get a premium. To Ms. Pritchard, "That's just fine with us." #

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